

DG ECFIN – DG MARKT



**Evaluation of the methodology used to
assess the performance of network
industries providing Services of General
Economic Interests (SGEI)**

Contract ETD/2006/IM/B2/112

**Final Report
Executive Summary**

Van Dijk Management Consultants



Acronyms

BEUC: European Consumers' organisation
CEER: Council of European Energy Regulators
CoR: Committee of the Regions
DG ECFIN: Directorate General for Economic and Financial Affairs
DG MARKET: Directorate General for Internal Market and Services
EESC: European Economic and Social Committee
EPC: Economic Policy Committee
EPSU: European Federation of Public Service Unions
ERG: European Regulators Group
EU: European Union
GDP: Gross Domestic Product
FAQ: Frequently Asked Questions
IMAC: Internal Market Advisory Committee
OECD: Organisation for Economic Co-operation and Development
PSO: Public Service Obligations
SG: Secretariat General
SGEI: Services of General Economic Interest
SGI: Services of General Interest

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Executive summary

1. Introduction

The purpose of this evaluation is to provide the European Commission with an in-depth assessment of the Methodological Note for the Horizontal Evaluation of Services of General Economic Interest (SGEI)¹ and its practical application, which will help to decide on improvements and future orientations of the horizontal evaluations. This assessment has three major objectives:

- To evaluate the need for a horizontal assessment of the performance of network industries supplying SGEIs carried out at the European Union (EU) level;
- Based on past experiences, to provide analysis on how this process can be improved/optimised;
- To determine whether the Commission is best placed to carry out horizontal evaluations.

In addition to a documentary review and our own analysis, the evaluation was based on 46 interviews and 96 survey questionnaires. A wide variety of opinions, sometimes very positive but also sometimes very critical, was collected in this way as regards the horizontal evaluation reports, in particular their contents and the way the results were presented.

This broad range of opinions is due both to the diversity of the people interviewed and surveyed, who included policy-makers within or outside the Commission, regulatory authorities, professional associations, unions, consumer organisations, etc., and to the diversity of the interests and needs expressed.

The content of this executive summary is structured as follows:

- Section 2 groups the main issues discussed in the evaluation under nine items;
- Section 3 presents the integrated recommendations that emerge from the analysis under Section 2.

2. Discussion of the main issues

2.1. Policy-makers' information and communication needs concerning the functioning of network industries:

While the Methodological Note mentioned above considers as objective of the horizontal evaluations 'to provide guidance for policy-making' based on 'precise, thorough and comparative evaluations of the performance of those network industries and the services they provide',² three categories of policy-makers' information and communication needs have been identified through the documentary review and the interviews:

1° Direct support to policy-making that consists in being:

- A unique source of data evidence on the SGEIs covering all Member States and sectors, on an annual basis;
- A key tool for an evidence-based monitoring of the liberalisation of network industries: precise information and analysis allowing for identifying best regulatory practices and where and how policy must develop e.g. corrective measures;

2° A source of information for policy-makers and stakeholders: the horizontal evaluations provide additional information compared to the sectoral monitoring (other topics dealt with like consumer

¹ COM (2002) 331 final

² COM (2002) 331 final, p. 3.

perceptions, inter-sector comparisons, synoptic view), and to other sources like economic studies carried out by other countries, or Eurostat and OECD databases.

3° Communication to the stakeholders and the citizens through their representative organisations:

To reassure stakeholders and citizens through their representative organisations on the functioning of the Internal Market, the impact of liberalisation on consumers and workers in the industries concerned, as well as industry performance (including price and quality of services, investment and innovation).

Our analysis, based in particular on interviews of policy-makers and responses to the survey, shows that the horizontal evaluations respond partially to these needs:

- While they offer some broad policy guidance, the reports are insufficiently analytical to provide direct support to policy making;
- The second need is satisfied even if a segment of the policy-makers and stakeholders prefer a more horizontal view and more complementarities with the sectoral monitoring;
- The third need is also partially addressed to the extent that dissemination and promotion have been limited as has been, consequently, the stakeholders' awareness of the reports.

We observed the following as regards the needs:

1° The needs are diverse and overcome the generic objective assigned by the Methodological Note. This diversity might be linked to the diversity of the types of policy-makers involved and of their concerns, including the diversity of the fields of competences of the Commission's Directorates General (DG) involved in the inter-service group contributing to the horizontal evaluation (thematic, sectoral, etc.);

2° There is also a diversity in the needs regarding the contents and the targets of the reports:

- The required focus of the reports is on a multi-sector synoptic view, on more complementarities with sectoral monitoring (e.g. more focus on original issues like quality of services, employment, environmental impact, consumer views), on more analysis for use by policy-makers (e.g. regarding the economic impact of market opening) and on benchmarking between countries;
- Target: a variety of policy-maker and stakeholder categories express an interest in such reports and their needs involve different requirements on the evaluations and their reports.

The Commission should continue to produce the horizontal evaluations: they respond to a need or at least a real interest for synoptic information at EU level and there is currently no realistic alternative solution that would be politically supported and that would be adequately resourced.

But to reach a better adequacy between objectives and needs, the following would be appropriate:

- Specifying the objective referred to in the Methodological Note,³ e.g. by developing the analysis in order to be able to distinguish the effects that can be attributed to the market opening policy from those resulting from other policies and factors: this objective could be achieved in triennial reports that would be more analytical and would evaluate public policies in greater depth. Such frequency gives sufficient time to elaborate the analysis and to include outcomes from consultations and debates;
- Ensuring synoptic, cross-sector and updated information that satisfies the needs of most policy-makers and regulators mainly at Member State level. The identified needs 2 and 3 could be addressed by annual reports whose suggested format is described under recommendation 5.2; the annual reports continue to make sense as the production of a great deal of data is annual and there is a need for an annual update of the indicators;

³ 'Provide policy guidance based on precise, thorough and comparative evaluations of the performance of those network industries and the services they provide'.

- Providing the information basis for complete, balanced and credible communication by the policy-makers to the stakeholders and indirectly through them to the citizens.

The horizontal evaluations could also be linked with other main priorities of the Commission like the relaunch of the Lisbon strategy or the review of the Single Market given the economic and social importance it attributes to the network industries providing the SGEIs. These strategic horizontal initiatives potentially create a demand for the horizontal evaluation reports and could give them more political visibility.

It is worth mentioning that successfully addressing these needs requires certain conditions to be fulfilled, like improved availability of data, increased perennial resources (or at least provision of the resources initially foreseen) and better specified outputs, consultations and debates.

2.2. Topics and sectors covered by the evaluations:

The topics and sectors currently covered correspond to the needs of the large majority of stakeholders and policy-makers.

There is however a demand for further exploration of the issues that concern directly the citizen, in particular the quality of the services, based on the consumer perceptions on the one hand, and objective indicators on the other. Comparing consumer perceptions with factual measures of e.g. punctuality in transport would respond to this demand and clearly be an added value of the horizontal evaluations compared to the sectoral monitoring.

As regards the objective indicators of quality of the services, a twofold approach would be appropriate:

- Building an inventory of objective quality indicators effectively used by European and national regulators, and other relevant institutions;
- On that basis, contracting out research aimed at setting up a list of quality indicators, both scientifically validated and practically feasible considering availability and accessibility of data, over time and for the different sectors.

We also observed differing views from stakeholders, some favouring a focus on the analysis of the impact of the market opening of network industries as providers of the services, others on the impact on citizens as final consumers or users of the services. Focusing both on the network industries and the services provided by these industries has three advantages: first, taking due account of the close inter-relationships between the structure and performance of the network industries, and the services they provide; second, keeping the horizontal evaluations in the spirit of the original objective as presented in the report to the Laeken Council; and third, respecting the diversity of the policy-makers' and stakeholders' legitimate needs.

A large majority (70%) of respondents to the survey consider the present sectoral coverage adequate. The remaining respondents hold no opinion or suggest additional sectors. Among the most frequently mentioned sectors are water transportation and supply followed by waste collection and treatment, and broadcasting.

Broadcasting (not the contents but the infrastructure) is the more obvious segment to be added, in particular as the Directive 2002/21/EC⁴ covers all electronic communications networks and services. For the other candidate sectors, there are some diverging views, due in particular to the highly political dimension of the issue (e.g. services of economic or non-economic general interest) and to the absence of a market opening directive.

Bearing in mind the objective of the Horizontal evaluations – monitoring the effects of market opening – we consider that the present sectoral coverage would be adequate, if broadcasting were included as

⁴ OJ (2002) L 108/33

an additional sector. One could consider adding other sectors whenever additional market opening directives are adopted.

2.3. Added value of multi-sector evaluations at EU level:

The potential added value of the horizontal evaluations is the possibility of assessing the impact of liberalisation in several sectors at once rather than in an individual sector, as is the case in the sectoral monitoring. The survey, the interviews and our own assessment converge on the interest to have the multi-sectoral view. Also, about 60% of stakeholders are satisfied with the reports' horizontal view at EU level that corresponds to generalists' information needs.

We share however the views of some stakeholders who formulate reservations about the existing evaluations: the structural differences between sectors and countries should be better taken into account when comparisons are made; there are also problems of data availability limiting the cross-sector comparisons and the identification of best regulatory practices might be more a slogan than a reality.

We consider that currently the comparisons across sectors and countries appear insufficiently analytical and detailed to allow policy-makers to anticipate the issues at stake in the market opening reforms. An avenue for further development could be to analyse the drivers of a given evolution in a given industry and to assess the likelihood that those drivers might be at play in other industries that provide SGEL. In the triennial reports the horizontal evaluations need to look at the reasons behind the changes observed in the data and to do so 'horizontally' or comparatively. A thorough understanding of the similarities and differences between the industries covered in the horizontal evaluations allows determining when to reason by analogy and when to avoid generalisations. This could also help policy-makers in the regulation of the different industries as it would tell them which lessons, if any, to draw from the evolution of one industry in reforming another.

A better coordination between the sectoral and the horizontal evaluations would be facilitated by a clear definition of the complementary character between sectoral monitoring and horizontal evaluations, which is not yet the case.

2.4. Do the evaluations respect the principles mentioned in the Methodological Note:

The four principles of the Methodological Note are the evolutionary nature of SGIs, the comprehensiveness of the methodology, the respect for the subsidiarity principle, and the transparent and pluralist character of the methodology.

The evaluations respect two principles i.e. the evolutionary nature of SGIs and the subsidiarity. Our conclusion is more nuanced as regards the other two principles:

- Comprehensiveness is respected to some extent in so far as economic and social dimensions of the market performance of network industries have been addressed within the limits of the data availability. It is less respected in the environmental dimension. There is also no indication of a development of cooperation with stakeholders to expand the range of indicators through increased data availability;
- If the transparency and pluralism principle is formally respected, the achievements at that level in terms of consultations and public debate are below expectations.

Note that the drawbacks mentioned above point thus to the interactions between the evaluations and their external 'environment' in terms of data provision and consultations and debates.

The original title of the Methodological Note⁵ was not replicated in the titles of the 2004 to 2006 reports⁶: the word ‘Horizontal’ no longer appears and ‘evaluation of SGEI’ is replaced by ‘evaluation of the performance of network industries providing SGEI’. This change does not reflect any shift in the contents of the report. However it might have created confusion for some stakeholders and policy-makers whose main interest is in the services and not in the network industries. Additionally a shorter title is a more effective way to communicate on the reports.

We suggest a return to the original title referred to in the Methodological Note and to add a sub-title such as ‘... and of the performance of network industries providing these services’. This would also clarify that the evaluation concerns the services of general economic interest as well as the network industries providing them.

We observed also that the Methodological Note leaves a number of issues rather ‘open’, with the exception of the sectors and indicators to be covered. This may have raised expectations that were ultimately not met. We suggest being more specific, in particular about the objectives and scope of the evaluations, the expected outputs, the consultation and debate-related processes, and the resources allocated to the different tasks.

2.5. Indicators and data availability:

The stakeholders surveyed and interviewed formulate no real critique of the list of indicators, satisfying the information needs of the majority as a compromise. There are however wishes for improvements that relate in particular to environmental impact and quality of services.

We are aware that it is not necessary and it would be futile for all data to be collected for all indicators and all sectors. However insufficient data availability⁷ and data standardisation contribute to information lacunae that affect the quality of the evaluation reports as follows:

- An imbalanced coverage of the different sectors, the transport (more particularly regional and local public transport) and the postal services not being as well covered; one impact of this imbalanced coverage is that cross-sector comparisons are only possible for some indicators or topics;
- For some indicators, there is difficulty in providing data corresponding to the sectors defined in the Methodological Note (e.g. employment data aggregated for electricity, gas and water);
- For some indicators, there is so far no possibility for comparisons over time to identify trends.

For the future, the standardisation and exhaustiveness of the data set and, to a lesser extent, of the set of indicators would improve the readability, the usability and the credibility of the reports.

To that end the following steps could be taken:

- Identifying the indicators that absolutely need to appear in successive reports;
- Reviewing for these indicators the reasons for lack of availability of data and investigating possible solutions like working with samples;
- Investigating in particular the possibility of closer cooperation with Member State authorities, regulators and statistical offices such as Eurostat.

2.6. Is the Commission the appropriate body to produce the horizontal evaluations:

There are several advantages to the Commission producing the horizontal evaluations: easier access to data from the DGs and a capacity to standardise data collection to some extent; limited costs compared to an external body; no direct influence from stakeholders; a good quality/price ratio thanks to the Commission’s internal expertise and despite the limited resources available.

⁵ Methodological Note for the Horizontal Evaluation of Services of General Economic Interest.

⁶ Evaluation of the performance of network industries providing Services of General Economic Interest.

⁷ For the 2004, 2005 and 2006 reports, on average 53% of indicators are covered by data.

The disadvantage to the Commission producing the horizontal evaluations relates to the perception of its objectivity: the Commission being involved both in policy-making concerning liberalisation of SGEIs and in the production of the horizontal evaluations creates a suspicion of being both judge and party and, just like any organisation, being tempted to justify its actions or to assume a defensive position.

Among the respondents to the survey addressing this issue, approximately two-thirds consider the reports as independent and objective, one-third hold an opposite opinion. However most interviewees consider a Commission's ideological skew in favour of liberalisation that for some of them influences the assessment of the policies. But interviewees rarely suggest persuasive means to guarantee independence while keeping the evaluations produced by the Commission.

A frequently mentioned alternative to the Commission producing the evaluations is the independent observatory. This rather refers to a forum and not to a new institution. The advantages attributed to such a model by the stakeholders favourable to it are its independence, the ability to involve expertise, stakeholders and possibly national data providers, and the capacity to stimulate broad public debate. These advantages would directly result from the broad membership of the observatory consisting of political representatives from the European Parliament, the Committee of the Regions and representatives of organised civil society from the European Economic and Social Committee.

The disadvantages would be: not as easy access to specific studies commissioned by the Commission and loss of the expertise available in the various DGs concerned; time needed to design and set up the institution, and to make it fully operational; poor political and financial feasibility since, to our knowledge, no Member of the European Parliament supports it.

On the whole, it appears that there are pro and cons in giving to the Commission the task of providing the horizontal evaluation. However, it is so far the only realistic option and measures could be taken to address the issue of the Commission's independence; In particular, we propose three approaches and mechanisms that could prevent the risk of partiality and/or correct any tendency not to make the evaluations as independently as possible through, in particular, the co-existence of diverse or diverging views:

- Taking into account data limitations, aiming systematically at covering all the effects of market opening, both positive effects like productivity gains in some sectors and negative effects like environmental effects in air transport;
- Developing public debates and workshops – in addition to the annual ones organised by the Commission – and making the summary outcomes of all workshops part of the triennial evaluation reports, with easy access to their minutes; the additional workshops would be co-organised by the Commission and voluntary stakeholders;
- Including in the annual and triennial reports, as annexes, the results of the review of the Commission draft report by academic experts and stakeholders who represent the various interests and sensibilities of industry, unions, citizens, public authorities and regulators; these reviews would address the horizontal evaluation reports and thus the analysis and interpretation of the factual data but not the liberalisation process itself with the intention to dispute it. Compared to alternatives like an independent observatory or external independent consultants, this procedure has the advantages of being feasible, immediately operational and without risk of affecting the quality of the evaluations.

The credibility of the evaluations could also gain from an improved transparency thanks to:

- Continuing to make systematic references to studies and sources used and to facilitate the access to source studies (e.g. made systematically web accessible);
- Providing some additional information on the production process including who did what, the reasons for the choice of focuses, the consultations, the external consultants, etc. in a methodological annex.

2.7. Dissemination of the results of the evaluations:

Among the respondents to the survey who did not consult or read the reports, 83% claim that they were not aware of the existence of the reports. This underlines a need for increased and improved dissemination and promotion.

This need may be satisfied since there is a potential for further dissemination and promotion.

Publicity over the reports targeting specialised press and the media has been limited so far. Such publicity and increased visibility over the Commission's web site would already make the reports better known.

Also the content, format and language could contribute to a broader promotion: synthetic scoreboards, an updated graphic design and the availability in several languages could ease the promotion and dissemination of the reports.

As regards the European Parliament, the current level of awareness of the reports would strongly benefit from a presentation by the Commissioner at a dedicated session.

By half the survey respondents, the reports or information on them is disseminated within their organisations that in some cases take this opportunity to organise debates or workshops. This means that beyond the direct dissemination by the Commission, there is indirect dissemination within stakeholder organisations. Indirect dissemination could be encouraged by explicitly asking stakeholders to do so and by proposing to help them organise workshops and debates (e.g. proposing speakers).

Also a specific budget should be provided for the purpose of dissemination and promotion.

2.8. Consultation of stakeholders and public debates:

The expectations reflected in the report to the Laeken Council and in the Green and White papers have been only partially met. Strictly speaking, what has been prescribed in the Methodological Note has been respected if we consider as *ad-hoc consultations on specific issues* the three workshops held, the 2004 consultation of consumer organisations in New Member States as well as other informal contacts with stakeholders on which we got little information.⁸

But having the spirit of consultation and debate being a full part of the evaluations has not been respected despite the fact that a majority of stakeholders is ready for and interested in this process. Many interviewees point to a lack of consultation and 62% of respondents to the survey express an interest in being consulted and contributing more to the horizontal evaluations in the future: these respondents belong to the different categories of organisations and to the different sectors with however a larger representation of professional associations, organisations with a European dimension and organisations from EU 15.

The insufficiency of consultations and debates might partly explain that the horizontal evaluations probably had no effect on the understanding of reforms and on their acceptance. One must however recognise that the primary objective of the evaluations was to provide guidance for policy-making, not to contribute to understanding and accepting reforms.

Different factors can explain the insufficiency of consultations and debates. First, the responsibilities regarding this process were not defined in the Methodological Note, as evidenced in section 2.4. above. Second, the Commission might have considered that its responsibility was limited to carrying out the evaluations, as reflected by the fact that no specific budget was defined for this purpose.⁹ Third, there might have been some reluctance to debate such politically sensitive subject. Finally, the translation of the evaluations into several languages would have helped.

⁸ There are also extensive consultations conducted in each of the sectoral policies and the results of these findings are reflected in the reports.

⁹ The Legislative Financial Statement mentions under item 7.3. Other administrative expenditures deriving from the action, the budgetary item A0705 – Studies and consultations with no dedicated budget allocated to it.

From the Commission's point of view developing consultations and debates could have several advantages, in particular:

- Improving the perception of the stakeholders' attitudes and views on the market opening process and its impacts and on that basis better focusing the reports;
- Exploring the possibilities of collaboration with stakeholders e.g. regarding data collection;
- Increasing the credibility of the evaluations and the reports thanks to greater involvement of the stakeholders in the process.

In view of these advantages and the needs expressed, improving the consultation and debate with stakeholders, like regulators, employer and employee representatives, representatives of the Member States authorities, policy-makers of the European Parliament, representatives of consumers and academics would be advantageous. In the survey, these stakeholders have indeed shown an interest in being consulted and they represent a good balance of the different categories of stakeholders. Professional associations and operators also showed an interest but since they are mostly focused on one sector, we believe that consulting them in the framework of the sectoral monitoring is more appropriate.

Regarding the format of consultation and debates, we consider two methods:

The first is reviewing the annual and triennial draft evaluation reports by the European representatives of these stakeholders and integrating these reviews as annexes to the published reports, as presented above.

The second is organising debates in the framework of workshops. We propose that the Commission continues to take the responsibility of one annual workshop, possibly in cooperation with stakeholders, as it has done since 2005. Other workshops could be organised at the initiative of stakeholders and the Commission would cooperate with them in providing speakers presenting and discussing the evaluation reports.

2.9. Organisational set-up of the evaluations:

The organisational set-up needs to address three issues in priority.

1° the status of the horizontal evaluations needs to be further clarified:

This relates to the type of evaluation, in particular the methodology: specification of objectives, outputs, etc.

It also concerns the link with other main priorities of the Commission, like the Lisbon Strategy or the Internal Market Review, to ensure sustainability, including adequate resources.

2° the institutional and organisational set-up should be stabilised by addressing the following elements:

- A clear leadership with political support and resources;
- The definition of a minimum of procedures (e.g. a planning and action list) concerning the production of the reports including the contributions of the Commission's services involved and the links with external data providers;
- The definition of the responsibilities for the organisation of consultations and debates;
- The existence of a specific budget and the set-up of a system monitoring the costs incurred.

3° a choice among the options proposed and the related resources should be made.

In our opinion two main options might be considered in relation to the types of activities:

- 1) Option 1: improvement of the present situation by providing resources initially foreseen in the total budget described in the Methodological Note.

- 2) Option 2: greater improvement of both production and exploitation implying additional resources.

Considering the budget planned in the Methodological Note, over the period 2003-2005, on average €47,000 was effectively used yearly compared to the €1,104,000 provided for in the budget. This means that there is a real potential for improvements even if no additional resources are allocated as option 2 would require.

Both options imply a number of measures, like clarifying objectives and scope, improving the contents of the reports in terms of complementarities between the horizontal and sectoral reports, ensuring a more equal treatment of the different sectors, developing the analysis of the macro-economic impact of market opening, developing the analysis of the environmental impact, comparing consumer's perceptions with objective indicators, and improving the data collection.

In section 3, we specify the recommendations common to the two options and those specific to option 2.

In option 2, the main developments as regards the production are a more significant improvement of the data collection, the publication of a triennial report in addition to the annual reports and greater assistance and contribution of specialised external consultants in support to the triennial report.

In this option, the main initiatives as regards the exploitation are a larger use of consultancy for dissemination-promotion purposes and the organisation of more events including workshops and debates.

The two options have different effects in terms of financial resources to cover human resources as well as expenditures that are contracted out.

Their budgets are presented in the following table:

Annual budget from 2008 ¹⁰		Option 1 ¹¹	Option 2
1. PRODUCTION			
Commission staff	FTE ¹²	3.00	5.00
	€ ³	330,000	550,000
Consumer surveys	€	520,000	520,000
Database	€	75,000	75,000
Additional data collection	€	75,000	150,000
External technical consultancy	€	155,000	310,000
SUBTOTAL 1	€	1,155,500	1,605,000
2. EXPLOITATION			
Commission staff	FTE	0.25	0.38
	€	27,500	41,800
External consultancy	€	50,000	100,000
Workshops	€		
Intra-muros	€	10,000	10,000
Extra-muros	€		20,000
SUBTOTAL 2	€	87,500	171,800
TOTAL	€	1,242,500	1,776,800

¹⁰ Not taking account future inflation.

¹¹ As compared to the resources effectively used in the past, option 1 consists of the following additional means: one Full Time Equivalent (FTE), €150,000 for data collection and database and about €90,000 for exploitation of the reports.

¹² FTE: Full Time Equivalent.

¹³ The average cost of a FTE was valued at €10,000/year.

Table: Budget of the options

The budget of option 1 amounts to €1,242,500 i.e. the original amount planned in the Methodological Note (€1,104,000) and adjusted for inflation¹⁴ between 2003 and 2008.

As consultants, we favour option 2 as it meets most completely the needs of the policy-makers and stakeholders and would contribute to making the evaluations better known and used. Nevertheless, it requires a strong political will as the budget is substantially higher (+43%) than option 1.

3. Recommendations

1. Continue the horizontal evaluations

The Commission should continue to produce horizontal evaluations: they respond to a need for synoptic information at EU level and there is currently no realistic alternative scenario that would be politically supported and that would be adequately resourced.

The topics and sectors currently covered correspond to the needs of the large majority of stakeholders and policy-makers. Broadcasting should however be added to take fully account of Directive 2002/21/EC. Subject to this adaptation, we recommend that the evaluations continue along the lines originally established.

However, the successful development of the horizontal evaluation would benefit from a clear political mandate given to the services that would have the responsibility of coordinating this exercise. In particular, the Commission should decide to what extent it wants to improve the evaluation reports as regards their production (contents according to the diversity of needs and targets in terms of policy-makers and stakeholders) and/or their exploitation (dissemination and promotion, organisation of and/or participation in debates).

Two main options corresponding to different schemes of political will and resources are possible:

- Option 1: improvement of the present situation by providing all the resources initially foreseen in the Methodological Note.
- Option 2: deeper improvement of both production and exploitation requiring additional resources.

Regardless of the option adopted by the Commission, a certain number of common recommendations should be implemented.

Specific recommendations are developed here below.

2. Ensure clearer objectives, scope and outputs

Regardless of the option chosen, the Commission should clarify the objectives, scope and outputs of the evaluations.

- Objectives: adjust the objectives as regards the three types of needs identified: 1) support for policy-making, 2) useful information for policy-makers and stakeholders, 3) communication to stakeholders and citizens. The objectives have to be redefined according to the option the Commission decides to favour, taking into account the corresponding required resources it is prepared to allocate;
- Scope: clarify the scope in terms of network industries and SGEI. The current title of the report 'Evaluation of the Performance of Network Industries Providing Services of General Economic Interest' does not correspond to the original wording 'Horizontal Evaluation of Services of General Economic Interest'. This could suggest a change in the subject of the report which is not the case

¹⁴ Inflation rate is estimated at an annual average of 2%.

and not recommended by this evaluation: the Methodological Note does not make a distinction between the network industries and the services they provide and the two aspects are closely linked: network industries performing well deliver services of high quality, otherwise they do not perform well. The Commission should clarify that the evaluation concerns the services of general economic interest as well as the network industries providing these services.;

- Outputs: be specific on the outputs expected that include the reports, their dissemination, the consultations and the workshops/debates.

3. Ensure transparency and independence:

To improve the credibility of an evaluation carried out by the Commission, which might be considered as both judge and party, we suggest the following for option 1 and option 2:

- Consolidate the credibility of the report by presenting as exhaustively as possible and as balanced as possible the impact and results of market opening in terms of positive and negative effects e.g. on environment, on employment, etc.;
- Submit the draft reports for review by academic experts and stakeholders who represent the various interests and sensitivities of the social partners and the citizens like: European Consumer Consultative Group (DG SANCO), European Economic and Social Committee (EESC), European regulators (e.g. ERG, ERGEC) and annex their opinions (max. 5 to 10 pages each) to the final publication.

In option 2, we suggest in addition developing public debates and workshops and incorporating their summary outcomes into the triennial evaluation reports, with easy access to their minutes.

4. Improve the contents of the reports

Regardless of the option chosen by the Commission for the improvement of the production, a number of measures should be implemented:

- Optimise the complementary nature between the horizontal reports and the sectoral implementation/application reports by enhancing the multi-sector analytical view and by developing more particularly the topics less covered by the sectoral monitoring reports like macro-economic impact including employment, profile and quality of jobs, environmental impact and consumer perceptions;
- Aim at a more equal treatment of the different sectors, subject to availability of data, in order to make cross-sector comparisons possible and to identify and propose feasible best regulatory practices. Make, in particular, more effort to find data related to the transport sector;
- Develop the analysis of the environmental impact by interrelating positive effects like the improvement in energy efficiency with the evolution of the total emissions of greenhouse gases and conventional air pollutants especially for the different modes of transport;
- Put consumer perceptions in perspective with real factual data as collected for the indicators concerning the price performance and the quality of services since the two approaches may differ but are complementary.

5. Optimise the production and exploitation of the horizontal evaluations

5.1. Data collection:

Data gathering should be improved as follows in both option 1 and option 2:

- Investigate the possibilities to consolidate and homogenise the data collection process through closer cooperation/networking with Eurostat, national authorities and sectoral regulators, including contracting them out for additional data collection. Furthermore contract studies out to external

consultants to collect other specific data not covered by standard programs concerning statistics while ensuring the sustainability of the process over time.

- Aim at usefulness rather than exhaustiveness among indicators for which little data are available: prioritise those for which complementary data will be sought; evaluate the pros and cons of working with samples (countries and/or sectors), give priority to indicators which allow useful comparability between all or only some of the sectors.

5.2. Structure and frequency of the report

In the following recommendations, the triennial report and the data collection and studies related to it are specific to option 2:

- Produce two types of horizontal reports: a recurrent annual report focusing on the reporting and interpretation of the indicators that are listed in the Methodological Note, updated as much as possible in function of data availability; the report could also include some specific focus as it has done to date; every 3 years produce a more elaborate and analytical report focusing on an in-depth analysis of the effects of market opening and on the best regulatory practices;
- Contract out more studies and data collection to external consultants in support of the analyses of the triennial report.

5.3. Dissemination, communication and promotion

The following recommendations can apply to both options suggested:

- Improve the attractiveness, readability and multilingualism of the report:
 - o make the report more visually attractive in keeping with current standards,
 - o make the report more accessible to a non-technical readership,
 - o publish the report in several languages, at least DE, EN and FR.
- In addition to disseminating the report through press releases, contact directly journalists of specialised press and media who might be interested to exploit the reports further.
- Increase the visibility of the report on the Commission's thematic and sectoral websites,
- Continue to disseminate the report directly and more widely (e.g. by targeting all members of national parliaments and of ministerial cabinets) and encourage indirect dissemination within stakeholder organisations by proposing to support partly debates and workshops (e.g. proposing speakers).

The following recommendations should be implemented if option 2 is confirmed:

- Consult more widely stakeholders, as a majority of them is interested in being consulted.
- In addition to the annual workshop organised by the Commission, contract out to organise more events (workshops, contacts with media, etc.) with stakeholders concerned at EU level, and with the European Parliament if they are interested.
Increase transparency of the production process for the report by explaining in a methodological annex the role and the contribution of the different internal and external participants, and also the main actions in terms of data gathering, consulting stakeholders, writing, reviewing, and taking into account comments.

6. *Ensure adequate resources*

The activity at the Commission should be adequately resourced. In that sense, the option chosen by the Commission for the improvement of the production and/or the exploitation should match the resources available, whether they are at their current level or increased.

The resources are defined widely and relate to the following elements:

- Leadership: preference for a stable leadership, with political support and sustainable access to the resources provided for the activity; the leadership should also have sufficient weight to stimulate contributions by the various Commission services and to coordinate these contributions.
- Methodology: evaluation methodology that continues to correspond to a sound economic analysis.
- Organisation based on specific skills: clarify tasks between the different Commission services (contributions, coordination of publication, consultations, promotion, events, etc.), who does what, processes and procedures.
- Budget: allocate sufficient resources for the contributors and producers and – depending on the option chosen – for extended outsourced studies and activities (dissemination, events, promotion, etc.); clarify the allocation to the different tasks.